

today

Quarterly Report

5 No. 1

Chicago Housing Authority

March 1, 1956

PUBLIC HOUSING CONSTRUCTION TO EXCEED \$50 MILLION IN 1956

New building by the Chicago Housing Authority during 1956 will involve more than \$50,000,000 in construction costs. This sum includes new contracts to be awarded during the year for building 2,500 apartments totaling more than \$25,000,000 and contracts amounting to \$25,052,427 awarded in 1955 for an additional 2,500 apartments on which work will continue throughout 1956.

On January 10, CHA opened bids for the construction of 1,062 units in the second section of Cabrini Extension on the Near North Side. Five Chicago contractors participated in the bidding. The low bid of \$10,617,000 was submitted by the Sumner Sollitt Company. Award of the contract will be made after study by CHA and approval by the Public Housing Administration.

The first section of Cabrini Extension, 859 apartments, is now in building, and some of the apartments are expected to be ready for tenants in July, 1956. Completion of the entire development, comprising 1,921 apartments and a community building, will probably not be reached until the early part of 1958.

Within the first six months of 1956, the Authority expects to start construction of the second section of Stateway Gardens, adding 460 apartments to the 1,184

now under way at 35th and State streets. Also scheduled is bid opening for a 204-unit extension to Prairie Avenue Courts at 30th Street and Prairie Avenue. Work on Olander Homes Extension at 40th Street and Lake Park Avenue will probably be finished early in the fall, adding 150 apartments to the neighborhood.

New Building For West Side

On the West Side, the Authority's big job of the new year is redevelopment of the nine-block area lying between Rockwell and Western avenues and Van Buren and Monroe streets. Here CHA will clear out blight and build 840 apartments in elevator buildings. Invitations to bid will be issued in the first half of the year. Reconditioning of structurally sound buildings which have deteriorated through neglect or overuse will also get under way. The project, which was originally contemplated for action in 1955, was delayed to avoid working undue hardship on site residents.

The year 1956 should see completion of Governor Henry Horner Homes at Lake Street and Damen Avenue, where the 325 apartments in the second stage of construction are now being built. In addition to 920 apartments in both stages of the finished development, Horner Homes will have a community building which will serve the entire neighborhood.

CONGRESSMEN HEAR CHA CHIEF

Appearing before a congressional subcommittee on housing, Lt. Gen. W. B. Kean, CHA executive director, made the following recommendations:

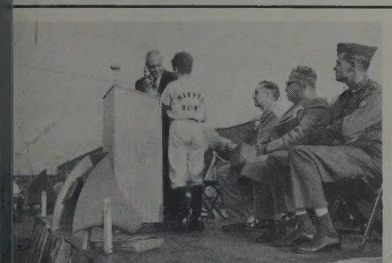
In future legislation, Congress should consider:

(1) Providing some means for permitting housing authorities to write off a substantial portion of land costs which are excessively high in slum areas. This would permit the constructions of more rowhouses and walk-up structures, and at the same time continue emphasis on slum clearance.

(2) Enacting legislation providing for housing surveys to assist housing authorities and Congress in determining housing needs on a local and a national basis.

(3) Allowing more time between enactment of future housing legislation and deadline for contract completion to permit more careful planning of realistic development programs so that specific needs may be fitted to long range plans.

The sub-committee, headed by Rep. Rains, held a three-day series of hearings in Chicago during November.



Rusty Segal was a proud young man the day Kean Athletic Field was dedicated at LeClaire Courts, CHA housing development. Rusty was selected to the platform during the ceremonies to receive congratulations from Gen. W. B. Kean, CHA executive director, as captain of the Little League Baseball Team which won last year's Ford Robin competition.

Completion of the field, named for General Kean, is typical of the project's community spirit. When land was made available by CHA, the LeClaire Amateur Athletic Association donated money for materials and, with help from the South End Junior Chamber of Commerce, did the planning and construction work themselves.

Located at the south west edge of the city, LeClaire Courts is somewhat isolated. When it opened in 1950, the project was surrounded by open prairie. With no movies or bowling alleys handy, the community was thrown on its own resources for entertainment. A community council was organized, and before long children were joining scout troops, Camp Fire groups, and others. Then adult activities got under way.

LeClaire's 609 families represent all races, 27 nationalities and five religions. They live and work together happily and peacefully. Leaders in the community feel this result has been gained through their community program. They are convinced that one of the best ways to eliminate prejudice and promote understanding between people with different backgrounds is to give them an opportunity to work together in constructive activities.

\$9 MILLION LAND PURCHASE BY CHA TO BEGIN IN SPRING

About 80 acres of the city's blighted land, included in 21 public housing sites approved last spring by the City Council, will be purchased by CHA during 1956. By mid-April, the Authority will begin negotiating with private owners of the properties which have an estimated value of about \$7,500,000.

At the same time, the Authority will begin land purchases on the site at Ogden and Division Street, approved by the Council last January, involving some \$1,800,000. The Ogden-Division location was chosen to accommodate 828 public housing dwellings which the Authority had previously contracted with the federal government to build on other sites which subsequently became unavailable for purchase.

Preliminary Work

Since June 30, when the Authority concluded a contract with the federal government to build 3,516 public housing apartments on the 21 sites, CHA has been engaged in accomplishing the necessary preliminary work. All properties have been surveyed, and title examinations are about 80 per cent finished. Appraisers are now evaluating the sites and are expected to complete their work in the first three months of this year.

Following its usual custom, the Authority has ordered two independent appraisals for each of the 863 separate parcels of land involved in the purchase. These two evaluations will be reviewed by a third independent appraiser whose determination of value will be accepted by CHA. This procedure assures both the property owner and the Authority fair treatment.

Revenue For County

Local taxing bodies will benefit from CHA purchase of these sites. Past experience has shown that slum properties and "dead" vacant lands are usually heavily tax delinquent. When title is transferred from a private owner to the Authority, tax claims are satisfied out of the proceeds of sale. If the tax claims exceed the owner's equity, the Authority takes title through condemnation and the entire condemnation award is available to taxing bodies to satisfy the debt.

Construction

Just how soon the new sites will be ready for construction is dependent upon CHA experience in acquisition, relocation of site families and clearance. If patterns in acquiring similar properties are repeated, the Authority will have to use its power of eminent domain in about 10 per cent of the cases. These will involve properties where owners cannot be found or where clouded titles cannot be cleared. CHA does not expect more than two per cent of the owners to contest its right to buy the land. In the balance of the cases, the owner and the Authority will be able to agree on a fair purchase price.

Eight of the small sites on the South Side are largely vacant, except for a few scattered buildings. CHA will concentrate its first ef-

forts in this section where it will have to find new homes for only about 130 families. Construction can probably be started in 1957.

Next area of activity will be ten additional small sites on the South Side which represent a mixture of vacant and built-up slum properties. Since about 500 families must be rehoused from these properties, construction may have to be deferred about two years.

The three largest sites, at 35th and Wentworth, Lake and Damen, and Roosevelt and Blue Island, will be the last to reach the building stage. Some 1,200 families live in these areas and all must be moved before clearance of the properties can be completed and new construction scheduled. Best estimates indicate that construction of new buildings will be delayed until early 1958 to allow time for rehousing these families.

The North Side property at Ogden and Division is densely built up and purchase involves title transfers on 241 separate parcels. It is doubtful whether this site can be cleared for construction before some time in 1958.

PUBLIC HOUSING ADDS \$1½ MILLION TO COUNTY TAX REVENUE

Payment of \$548,145.62 to County Treasurer Herbert C. Paschen was authorized by CHA Commissioners at their January 9 meeting. The money is the Authority's payment "in lieu of taxes" for the 26 public housing projects operated in the city during 1954.

While state law exempts public housing from real estate taxation, it does permit local housing authorities to make payments to local governments to cover costs of municipal services rendered. Such payments are made out of rents collected, and the rate of payment is stipulated in agreements formally executed by the authority and the municipality in which it operates.

CHA agreements with the City of Chicago provide for annual payments of ten per cent of shelter rents (rents less charges for utilities and miscellaneous items) collected from tenants in all projects. In the eight projects built with grants from city and state funds on which CHA has no bonded indebtedness to repay, the agreements provide for additional payments of any surplus income available. Total payments, however, may not exceed what would be charged in full real estate taxes.

Ten per cent of rents collected from tenants in 18 federally aided public housing developments made up \$421,112.53 of the January payment to the County Treasurer. This is about 14 per cent above the \$370,089 paid last year for 16 projects operated in 1953. The increase is attributable not only

to the addition of two new housing developments, but also to a slight increase in payments, reflecting higher tenant income.

The balance of \$127,033.09 was obtained from eight city-state financed projects; this sum, \$62,067.54 represent ten per cent of rents collected, and \$64,965.55 is surplus income.

The County Assessor's Office estimates had the eight projects been in private ownership, the 1954 tax bills would have amounted to \$198,077.92. The CHA payment, therefore, is 64 per cent of full real estate taxes. Records of the Assessor's Office also show that private owners of the properties would have billed \$22,611 in full real estate taxes a year before the properties were redeveloped with public housing. Comparison of this figure with the \$127,033.09 CHA payment shows that revenue to local government is up five and one-half times through public housing. Were figures available on amounts actually paid, an even more favorable comparison would be seen, since none of the properties were tax delinquent.

**Watch Channel 11 for
CHICAGO'S ROADS TO RENEWAL
alternate Wednesdays—7-7:30 P.M.**

VETERANS' HOUSING ENDS DECADE OF OPERATION

CHA closed the last temporary housing projects right after the first of the year, rounding out ten years of operation. The first of the original 3,359 temporary dwellings on 22 sites scattered about the city was occupied on Christmas Eve in 1945. More than 8,000 World War II veterans and their families lived in them during this period.

CHA is now in process of contracting for site restoration work so that the properties can be returned to their owners. Eight sites have been returned to the Chicago I District, Board of Education, and the Forest Preserve District, and lease terminations on two are being prepared. Two newly vacant sites will be turned back as soon as demolition and restoration work is finished.

In erecting and operating the temporary veterans' housing projects the Authority effected, acted as the City's agent to assist in alleviating the acute housing shortage at the end of the war. The City advanced \$1,000,000 to the CHA to cover installation of utilities and other improvements on the sites and the Authority has returned \$1,000,000 of this sum out of rentals. After all restoration work is concluded and the projects officially closed, additional moneys will be returned.

These returned funds are in the nature of a "windfall" for the City, since at the time of the appropriation, there was little expectation that any of the money could be returned. The funds were provided in the form of a loan only because legal technicalities prohibited the City Council from authorizing a grant.

PRIVATE FUNDS INVESTED IN CHA OPERATIONS NEAR \$100 MILLION

Investments in CHA operations by individual investors, banks, and other private financial institutions totaled \$96,713,000 on November 31, 1955. Temporary loan notes, mainly by banks, amounted to \$35,328,000. The balance of \$61,385,000 was secured by the authority's housing bonds sold to the public.

Contrary to general impression, the federal government does not pay for the construction of a public housing project. Contributions are obtained largely from private sources, and any public funds loaned to the local authority for planning or other preliminary work are repaid when the housing development is financed through the sale of long-term housing bonds.

Money is available from the federal government each year to enable the housing authority to keep rents low and still meet principal and interest payments on its outstanding bonds. Even this money, however, is actually a "subsidy", as it is commonly called, since Public Housing Administration regulations provide for its repayment. The government's annual contributions, therefore, are a form of long-term financing.

Financing Procedure

Procedures developed for financing a public housing project show clearly how thoroughly public funds are safeguarded.

The initial step in building a project consists of preparing a development program for CHA approval. This involves site studies, preliminary architectural drawings, cost estimates, etc. This work is paid for with money loaned to the local authority by the federal government at 2½ per cent interest. When the program has been approved, the local

authority and PHA enter into an "annual contributions contract."

The local authority's next step is to estimate the amount of money required for the first six months of construction. At this point, PHA regulations permit the local authority an option. It may borrow all of these funds from the federal government at 2½ per cent. Or, it may sell temporary loan notes to banks and other financial institutions at the rate prevailing in the open market for half of this sum, or enough to finance construction in the first three months. The balance must be borrowed from the federal government.

CHA has saved thousands of dollars in interest charges by taking advantage of this option. Millions of dollars have been borrowed in the open market at interest rates ranging from less than one-half of one per cent to a maximum of 1¾ per cent. Temporary loan notes outstanding carry an average interest rate of 1½ per cent per year.

By limiting amounts borrowed in the private market to one-half the sum required for a six-month period, the local authority is safeguarded from having to pay interest on funds not actually needed. If unforeseeable circumstances, such as weather or strikes, delay completion of the work, the authority may have no need for all of the money estimated for the six-month period, since payments are made as work is completed. Borrowings from the federal government are then made only as needed and interest is paid for the period the money is outstanding. Every six months, this borrowing process is repeated, but amounts are increased to cover interest and additional construction costs.

When all portions of the work under construction contracts are substantially finished,

the financing of the housing development passes from the temporary to the permanent stage. The local authority then issues 40-year bonds to cover the costs of the project.

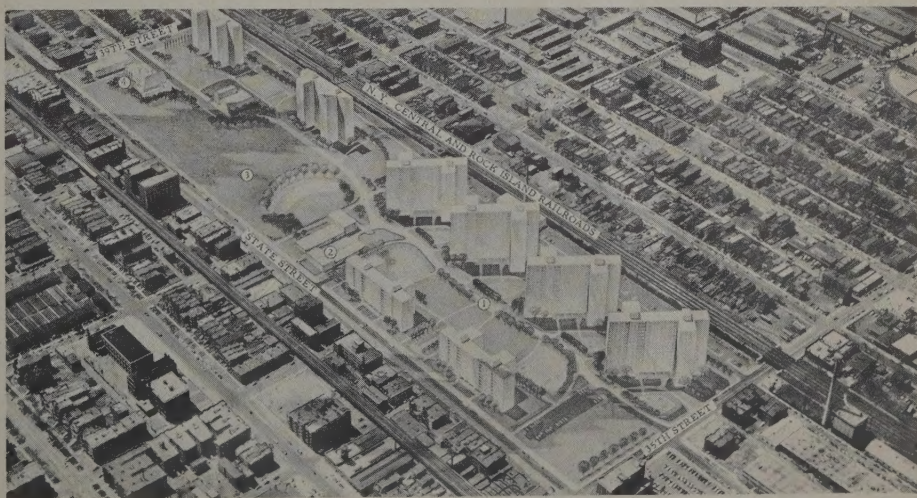
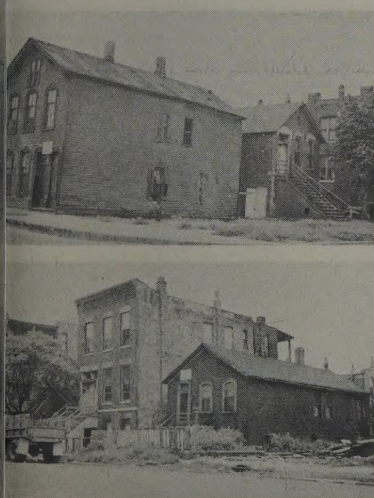
Proceeds from the sale of these bonds are used to retire all temporary loan notes outstanding in the private market and to repay all advance loans from the federal government, plus all interest accrued to date. At this point, the federal government is completely reimbursed for all expenditures it has made in connection with the construction of the housing development.

Federal Contributions

After the sale of housing bonds, the federal government, under terms of its contract with the local authority, guarantees to provide money to pay principal and interest on bonds as they become due. PHA regulations, however, stipulate procedures for reimbursing the federal government for these contributions.

Rentals in housing developments are set to cover all operating costs and to establish reserves. Net revenue from operation of a project is applied against payment of principal and interest on the bonds, thereby reducing the amounts required to be paid by the federal government. To date, CHA projects have drawn \$4,395,000 from the federal government to cover debt service. This is slightly under 54 per cent of the \$8,156,000 available under PHA approved budgets.

Redemption of an issue of housing bonds is accomplished in about 37 years, at which time annual contributions from the federal government cease. All net income from operation of the housing development from that point forward is used to repay federal funds previously contributed for debt service and to repay the municipality in which the project is located for any contribution it has made in the form of tax exemptions.



TRANSFORMATION OF A SLUM . . . Typical of Chicago's "dirty back yard" were slum buildings (left) recently torn down to make for Stateway Gardens, new 1,644-apartment CHA development for low-income families at 35th and State Streets. Ten- and seventeen-story apartment buildings (1) are grouped around play areas and courts. At the center of the site (2) are administration and community buildings, with a (3) park adjoining. At the south end of the project, the Board of Education will build a new school (4) to accommodate the child population of the housing development and its neighbors. The Chicago Park District will supervise the park area and an activities center in the community building.

MAYOR PRESENTS KEYS TO FIRST OWNERS IN WEST KENWOOD GARDENS

New owners in West Kenwood Gardens got keys to their new homes from Mayor Richard J. Daley on Sunday, January 22, at a ceremony dedicating the new housing development at 46th Street and Princeton Avenue. Also present were city officials, community leaders and neighbors.

The 52 duplex rowhouses, which sell at prices ranging from \$11,100 to \$13,300 were built by the Chicago Dwellings Association, the city's non-profit corporation organized in 1948 to help increase the supply of housing for middle income families. Down payments average ten per cent of purchase price and the balance is payable in monthly installments.

CHICAGO ARCHITECTS CHOSEN FOR NEW HOUSING PROJECTS

Design work for Chicago's new public housing developments under the 1954 program will be divided among eight of the city's architectural firms.

The three largest sites will be redeveloped with four- and thirteen-story buildings. Other sites will contain buildings of the two-, three-, four-, seven- and nine-story types.

Architects and size of project assignments are listed below:

Mielke & Smith, 388 units; Graham, Anderson, Probst & White, 993 units; Wm. W. Benn Associates and Leonard Wayman, 445 units; Fitch, Schiller & Frank, 269 units; Mayo & Mayo, 201 units; Samuel A. Lichtmann and Mark D. Kalischer, 302 units; Mittlebush & Tourtelot, 290 units; and Everett F. Quinn & Associates and Alfred Mell, 628 units.

UNION LEADER FILLS VACANCY ON HOUSING AUTHORITY BOARD

Martin J. Dwyer, executive board member of the Chicago Federation of Labor, is serving as a Commissioner of the Chicago Housing Authority. Appointment was made by Mayor Richard J. Daley on September 14, completing membership on the CHA Board for the first time since January, 1954, when the former chairman, Henry L. Kruse, resigned.

In addition to his AFL post, Dwyer is president of Local No. 66 of the Elevator Operators' and Starters' Union. He is a native

Chicagoan and a resident of Austin.

In announcing the appointment, Mayor Daley said: "Mr. Dwyer's availability for service to Chicago as a member of the Chicago Housing Authority is assurance of conscientious, intelligent service to the public at a position of great importance. As a leader in the labor movement and as a citizen interested at all times in Chicago's progress, he has given ample demonstration of his capacity for public service."

CHICAGO HOUSING AUTHORITY DEVELOPMENTS

December 31, 1955

COMPLETED:

27 Developments—14,208 Dwellings	
1. Jane Addams Houses (F)	995
2. Julia C. Lathrop Homes (F)	925
3. Trumbull Park Homes (F)	456
4. Ida B. Wells Extension (F)	1,658
5. Frances Cabot Tilton Homes (F)	584
6. Robert H. Broome Homes (F)	834
7. Bridgeport Homes (F)	141
8. Lawndale Gardens (F)	128
9. Altgeld Gardens (F)	1,499
10. Wentworth Gardens (F)	422
11. Dearborn Homes (F)	800
12. Maplewood Courts (C-S)	132
13. Harrison Courts (C-S)	126
14. Leclaire Courts (C-S)	316
15. Racine Courts (C-S)	120
16. Ogden Courts (C-S)	136
17. Prairie Ave. Cts.-I-II-III (C-S)	318
18. Archer Courts (C-S)	148
19. Loomis Courts (C-S)	126
20. Philip Murray Homes (F)	500
21. Victor A. Olander Homes (F)	150
22. Leclaire Courts Ext. (F)	300
23. Grace Abbott Homes (F)	1,218
24. Ida B. Wells Extension (F)	650
25. Harold L. Ickes Homes (F)	803
26. Gov. Frank O. Lowden Homes (F)	128
27. Gov. Henry Horner Homes-I (F)	595

UNDER CONSTRUCTION:

4 Developments—2,518 Dwellings	
27. Gov. H. Horner Homes-II (F)	325
28. Olander Extension (F)	150
29. Cabrini Extension-I (F)	859
30. Stateway Gardens-I (F)	1,184

IN DESIGN AND LAND PURCHASE STAGES:

28 Developments—7,165 Dwellings	
17. Prairie Ave. Cts.-IV (C-S)	1,065
29. Cabrini Extension-II (F)	460
30. Stateway Gardens-II (F)	975
31. Rockwell Gardens (F)	204
32. Prairie Ave. Cts. Ext. (F)	828
33. Division-Ogden (F)	380
34. Roosevelt-Blue Island (F)	993
35. 35th & Wentworth (F)	130
36. 32nd & Prairie (F)	60
37. 35th & Calumet (F)	22
38. 37th & Calumet (F)	21
39. 37th & Ellis (F)	32
40. Lake Park (F)	6
41. Oakenwald School Area (F)	14
42. 40th & Langley (F)	20
43. 45th & Champlain (F)	10
44. Pershing & South Park (F)	10
45. 35th & Cottage Grove (F)	10
46. 50th & Cottage Grove (F)	10
47. 62nd & Blackstone (F)	10
48. 51st & Calumet (F)	10
49. 57th & Wabash (F)	10
50. 63rd & Calumet (F)	10
51. 63rd & Indiana (F)	10
52. 63rd & Wabash (F)	10
53. 57th & Normal (F)	10
54. Lake & Damen (F)	10
55. Site Undetermined (F)	10

(F) Financed with federal funds; (C-S) with city and state funds.

CHICAGO HOUSING AUTHORITY

608 South Dearborn Street
Chicago 5, Illinois

COMMISSIONERS

John R. Fugard, *Chairman*
Joseph P. Sullivan, *Vice Chairman*
John L. Yancey, *Treasurer*
Samuel N. Katzin
Martin J. Dwyer
William B. Kean, *Executive Director*

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